

## Message Text

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ACTION IO-14

INFO OCT-01 AF-10 NEA-10 ISO-00 OIC-02 ARA-10 EA-10  
EUR-12 L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00  
AID-05 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 STR-05 TRSE-00 CEA-01 SS-15 INRE-00  
NSCE-00 SSO-00 USIE-00 PA-01 PRS-01 XMB-02 OPIC-03  
/132 W

-----042155 030426Z /70

O 021844Z DEC 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 3688  
INFO UNCTAD COLLECTIVE IMMEDIATE  
USINT BAGHDAD  
AMEMBASSY BEIRUT  
AMEMBASSY DJIBOUTI  
AMEMBASSY MOGADISCIO

C O N F I D E N T I A L SECTION 01 OF 02 GENEVA 11457

USEEC USOECD

E.O. 11652: GDS  
TAGS: UNCTAD, ETRD  
SUBJECT: COMMON FUND (CF) NEGOTIATING CONFERENCE;  
FINAL WRAP UP

1. AT THE BEHEST OF THE G-77, AND WITH THE CONSENT OF  
GROUPS B, D, AND THE PRC, CONFERENCE PRESIDENT WALKER  
(JAMAICA) SUSPENDED THE SECOND SESSION AT 9:15 PM  
DECEMBER 1, HOURS BEFORE ITS SCHEDULED DEC 2 TERMINATION.

2. ALTHOUGH THE SUSPENSION DECISION DID NOT SPECIFY  
PROCEDURES FOR CONTINUING THE CONFERENCE, PUBLIC AND  
PRIVATE DECLARATIONS BY ALL THE KEY PARTICIPANTS POINT  
TO ANOTHER NEGOTIATING ROUND. A GENERALLY RELAXED  
ATMOSPHERE PERVADED THE FINAL PLENARY, REINFORCING THE  
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IMPRESSION THAT THE G-77 SOUGHT THE SUSPENSION FOR  
TACTICAL REASONS AND THAT IT ACCEPTS THE EVENTUAL  
RESUMPTION OF TALKS AS A FOREGONE CONCLUSION. WALKER  
NOTED IN PLENARY THAT IT IS CLEAR THE G-77 "DOES NOT  
REGARD THIS AS A FINAL BREAKDOWN", AND HE URGED INTER-  
SESSIONAL CONSULTATIONS.

3. THE UNCTAD LEGAL ADVISOR INFORMED GROUPS THAT SYG COREA HAS AUTHORITY UNDER CURRENT CONFERENCE RULES AND UNCTAD RESOLUTION 93(IV) TO INITIATE CONSULTATIONS ON RECONVENING THE CONFERENCE. HOWEVER, IN DELIVERING ITS PREPARED STATEMENT, THE G-77 DELETED A REFERENCE TO THE SYG'S DISCRETION, AND IT ALSO REFUSED TO ACCEPT A SUSPENSION DECISION THAT EXPLICITLY EMPOWERED THE SYG TO TAKE THE LEAD IN PREPARING FOR FUTURE NEGOTIATIONS.

4. IT IS CLEAR THAT THE G-77 IS UNDECIDED ON HOW TO PROCEED FOLLOWING THE SUSPENSION. THEY ARE CAUCUSING DEC 2 ON THAT QUESTION -- WITH INTRODUCTION OF THE ISSUE IN SOME FORM INTO THE UN GENERAL ASSEMBLY APPARENTLY INEVITABLE, PROBABLY THROUGH A RESOLUTION. UNCTAD SECRETARIAT SOURCES HAVE ALSO SUGGESTED THE POSSIBILITY OF "CORRIDOR CONSULTATION" ON THE CF CONFERENCE DURING THE DEC 12-16 MEETING OF THE AD HOC INTERGOVERNMENTAL COMMITTEE ON THE IPC.

5. PRIVATE TALKS WITH G-77 SPOKESMAN ALATAS (INDONESIA) AND UNCTAD SYG COREA INDICATE THAT THE DUST MUST SETTLE A BIT BEFORE SERIOUS INFORMAL SOUNDINGS CAN BEGIN ON HOW BEST TO RESUME THE NEGOTIATIONS, FOR EXAMPLE, THROUGH AN INFORMAL INTERSESSIONAL WORKING GROUP. ANY SUCH INITIATIVE, WHICH COULD POSE PROBLEMS OF REPRESENTATION FOR ALL GROUPS, WOULD HAVE TO BE CAREFULLY PREPARED BEHIND THE SCENES AND NOT BE LAUNCHED AS A FULL-BLOWN CONFIDENTIAL

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PROPOSAL OF A PARTICULAR GROUP.

6. IN A BRIEF STATEMENT TO THE FINAL PLENARY, G-77 COORDINATOR LALOVIC (YUGOSLAVIA) ASSERTED THAT HIS GROUP WAS "COMPELLED" TO REQUEST SUSPENSION "BECAUSE OF THE UNWILLINGNESS OF SOME DEVELOPED COUNTRIES TO AGREE TO EVEN THE FUNDAMENTAL ASPECTS OF A COMMON FUND...". THE G-77 WAS READY, HOWEVER, TO REOPEN NEGOTIATIONS WHEN THE "ATTITUDE" OF DEVELOPED COUNTRIES IMPROVED. (FULL TEXT SENT SEPTEL).

7. GROUP B SPOKESMAN BARRASS (UK), ACCEDING TO THE G-77 REQUEST, EXPRESSED "REGRET" THAT "THE OPPORTUNITY FOR MAKING A MAJOR STEP FORWARD...HAS BEEN LOST". (TEXT SENT SEPTEL). HE ELABORATED ON THE GROUP B PROPOSAL, STRESSING THE COMMERCIAL BORROWING ELEMENT AND THE WILLINGNESS TO ACCEPT JOINT PRODUCER-CONSUMER FINANCING OF BUFFER STOCKS AS PART OF A PACKAGE AGREEMENT. HE ALSO REITERATED GROUP B'S WILLINGNESS TO CONSIDER A CF ROLE IN OTHER MEASURES AND AFFIRMED THAT "GROUP B REMAINS READY TO CONTINUE THESE NEGOTIATIONS."

8. THE INITIAL BARRASS TEXT, DRAFTED BY THE UK, IMPLICITLY WENT BEYOND OUR POSITION, PARTICULARLY REGARDING DIRECT CONTRIBUTIONS AND GUARANTEES. INTENSE LAST MINUTE CONSULTATIONS RESULTED IN CHANGES THAT MADE THE TEXT ACCEPTABLE TO THE MAJOR COUNTRIES IN GROUP B AND FORESTALLED NATIONAL STATEMENTS BY THESE COUNTRIES.

9. GROUP D SPOKESMAN MAYOROV (USSR) EXPRESSED CAREFULLY HEDGED "UNDERSTANDING AND SUPPORT" FOR THE G-77, WHILE ALSO DENOUNCING GROUP B EFFORTS TO IMPLICATE SOCIALIST COUNTRIES IN THE CURRENT "CRISIS" OF THE "WORLD CAPITALIST SYSTEM OF COMMODITY TRADE". THE PRC STATEMENT WHICH FOLLOWED WAS Milder IN TONE, BUT CONTAINED THE USUAL SWIPES AT THE "SUPERPOWERS" AND EXPRESSIONS OF SOLIDARITY

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ACTION EB-08

INFO OCT-01 AF-10 NEA-10 IO-13 ISO-00 OIC-02 ARA-10  
EA-10 EUR-12 L-03 FRB-03 OMB-01 ITC-01 SP-02  
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NSAE-00 SIL-01 STR-05 TRSE-00 CEA-01 SS-15 INRE-00  
NSCE-00 SSO-00 USIE-00 PA-01 PRS-01 XMB-02 OPIC-03  
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C O N F I D E N T I A L SECTION 02 OF 02 GENEVA 11457

WITH THE G-77.

10. AMONG GROUP B COUNTRIES, THERE WERE NATIONAL STATEMENTS IN PLENARY BY NORWAY (ON BEHALF OF THE NORDIC COUNTRIES), AUSTRIA, TURKEY, NETHERLANDS, AND DENMARK. THESE COUNTRIES INDICATED GENERAL WILLINGNESS TO ACCEPT DIRECT CONTRIBUTIONS AND A SECOND WINDOW FOR OTHER MEASURES, THE TWO MAIN ISSUES ON WHICH THE REST OF GROUP B WAS STICKING. DEVELOPMENT COOPERATION MINISTER PRONK (NETHERLANDS) ALSO PLEDGED \$25 MILLION TO THE CF,

TELLING THE CONFERENCE THAT "WE HAVE POLITICAL WILL,  
THAT'S WHY I'M HERE". ISRAEL ALSO INTERVENED TO SUPPORT  
THE G-77 POSITION. AS A RESULT OF THESE INTERVENTIONS,  
WALKER WAS ABLE TO CONCLUDE THAT THERE WAS A "WIDE  
MEASURE" OF SUPPORT FOR A CF ALONG THE LINES SUGGESTED  
BY THE G-77, AND HE CALLED ON THOSE COUNTRIES WHO DO  
NOT YET HAVE "SUFFICIENT FLEXIBILITY" IN THEIR POSITION  
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TO MAKE "A LITTLE GREATER EFFORT".

11. COMMENT: IF THERE WAS EVER ANY DOUBT, IT WAS CLEAR  
IN THE LATTER STAGES OF THIS CONFERENCE THAT THE  
FUNDAMENTAL ISSUES OF THE COMMON FUND ARE SEEN BY THE 77  
--PARTICULARLY THEIR SPOKESMEN HERE -- IN THE POLITICAL  
CONTEXT OF THE NEW INTERNATIONAL ECONOMIC ORDER. WHAT-  
EVER THE FUTURE NEGOTIATING CONTEXT, RATIONAL DISCUSSION  
OF THE ISSUES ON THEIR MERITS WILL NOT BE EASILY ACHIEVED-  
AND CLEARLY POLITICAL ISSUES SUCH AS VOTING AND DECISION  
MAKING MAY PROVE PARTICULARLY DIFFICULT. VANDEN HEUVEL

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